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**ARIZONA CORPORATION COMMISSION**

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December 6, 2004

Chairman Marc Spitzer  
Commissioner William Mundell  
Commissioner Mike Gleason  
Commissioner Jeff Hatch-Miller  
1200 W. Washington Ave.  
Phoenix, Arizona 85007

Re: Pine Water Hook-up Moratorium per Decision No. 67166 (W-03512A-03-0279)

Dear Colleagues:

On August 10, we heard the Pine Water rate case. During the course of that proceeding, I prepared and we approved an amendment to the Recommended Opinion and Order calling for a staff report on a possible hook-up moratorium in Pine, given the severe and unremitting water shortages in the area.

As you know, that staff report came out last week, confirming what we all have known – that there is very little water in Pine and that current hook-ups already outstrip the ability of Pine Water to supply water without trucking it or piping it in from other areas.

I understand Administrative Law Judge Nodes has scheduled a hearing for this matter on February 14, 2005. I believe that this matter should, at the very least, be heard as an informational agenda item at the December 14, 2004 open meeting. Hopefully at that time, we can discuss Pine and our stance on that particular situation, as well as commence a discourse about formulating a statewide policy to address areas such as Pine where water is scarce. I also would welcome any input into the possibility of holding an informational or public comment session in Pine to offer the residents there the opportunity to comment on the proposed moratorium.

Sincerely,

Kris Mayes  
Commissioner

Cc: Ernest Johnson  
Steve Olea  
Brian McNeil  
Heather Murphy